

96-98

From: BRADLEY, MICHAEL R (SBCSI)
To: Michael Copps
Date: Mon, Feb 24, 2003 2:21 PM
Subject: fcc ruling

SUNSHINE PERIOD

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FEB 27 2003

Federal Communications Commission
Office of Secretary

I'm very confused with the recent FCC ruling. You elected to keep current UNE-P provisions in place claiming it is generating competition. However, data published on the FCC's own website paints a totally different picture. I believe the intent of the Telecommunications Act of 1996 was to "Promote facilities based competition in all markets, in particular in local exchange networks". When I read the reports posted on the FCC website showing the status of competition, it makes it quite clear competition in on the decline, and cannibalism is on the rise. The number of CLEC owned lines has decreased from 35% to 29% between 2000 - 2002. This does not indicate to me that "Facilities Based Competition" is booming. It does show a systematic harvesting of local lines as a result of the UNE-P policies regarding local loops. It does indicate CLECs are finding it cheaper to lease the lines instead of investing in their own facilities. Over 75% of lines serviced by ILECs are for residential and small business customers compared to only about 50% of lines serviced by CLECs. Those of us living in rural areas aren't seeing any of the benefits and attempts to find alternatives are met with, "We don't service your area". We're not "profitable" for the CLECs. In order for facilities based competition to "take off", resale rates should be > interconnection rates for service providers > interconnection rates for infrastructure operators. These costs should also be based on actual costs plus a portion of shared and common costs, not on the hypothetical rates established via the TELRIC method. The Telecommunications Act and reviews do nothing when CLECs "lease" elements when they would have normally built their own facilities.

Of course we'll see more start-up companies. They'll establish a customer base, be bought or consolidated with other companies. Larger companies will offer complete telecommunication packages which cost significantly less than if they purchased the service separately from other companies and we'll witness the decline of the CLEC. In the meantime, the most recent ruling will be tossed around in the courts and corporate investments will remain stagnant until a final ruling by the courts is in place. More layoffs in the technology industry are sure to take place in the meantime. Of course the FCC has washed their hands of any real responsibility by placing all the burden on the states to implement the policies with almost no guidance. I have to agree with a recent article I read which mentioned the ruling was passed down to put it in a state of limbo until after the elections, knowing it would be appealed and tied up in the courts.

I also thought it was rather interesting to find a consultant's website encouraging telemarketing firms, and others, to file to become a CLEC because of potential cost savings of upwards of 20% through UNE-P pricing benefits over normal telecommunication service costs. Another fine example of the "competition" generated by the FCC ruling.

From: BRADLEY, MICHAEL R (SBCSI)
To: Commissioner Adelstein
Date: Mon, Feb 24, 2003 2:21 PM
Subject: fcc ruling

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